

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, NOVEMBER 18, 1993

Chairman Tull called the meeting to order at 1:35 p.m. at the Radisson Hotel, in SeaTac, Washington. He said Commissioner Graham had indicated some time ago that he would not be able to attend this meeting.

MEMBERS PRESENT: **ROBERT M. TULL, CHAIRMAN; COMMISSIONERS WANDA MOSBARGER and ARDITH DIVINE.**

OTHERS PRESENT: **FRANK MILLER, Director; SHARON TOLTON, Special Assistant to the Director; BEN BISHOP, Assistant Director, Licensing; JONATHAN McCOY, Assistant Attorney General; CALLY CASS-HEALY, Financial Investigations; SUSAN GREEN, Executive Secretary.**

1. STAFF REPORTS

Chairman Tull said there are fairly lengthy agendas both days, and staff reports are being held off until tomorrow. He said Director Miller has requested an executive session with the commissioners following today's public session to discuss some pending investigations.

2. LICENSE APPROVALS

NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Commissioner Divine moved that the licenses, changes, withdrawals and tribal certifications be acted on in accordance with the recommendation of Commission staff as set forth in the agenda packet. **Commissioner Mosbarger** seconded the motion, motion carried.

3. REVIEW OF FRIDAY'S AGENDA

Ms. Tolton said that the agenda packet includes a number of responses from the public and from licensees regarding the proposed rules. Everything on the agenda is up for final action tomorrow. The majority of the packet relates to the bingo and bingo paper rules; the first section is amusement game rule simplifications and cleanup; the last is the pull tab rule, which would allow for a test period beginning January 1994, providing for a two-month retention of pull tabs. **Director Miller** said that Mr. Bishop sent the commissioners a memo about the proposed bingo rules last Friday.

4. GENERAL DISCUSSION

Chairman Tull said there doesn't appear to be any general discussion for today.

5. HEARING ON APPEAL

Michael J. Timmons d/b/a The Book Carnival **Revocation of Commercial Amusement Game License** **Case #93-0180**

Chairman Tull said the commissioners have been supplied with a notebook containing this file, and Ms. O'Neal is present as counsel for the Commission; Michael Timmons indicated he has no attorney present. **Chairman Tull** said the information the Commission has includes a verbatim transcript of the hearing conducted by the administrative law judge, the original notice of charges, files and records. He said both sides

will be allowed to be heard in live argument. The Commission may choose to deliberate in private or may be prepared to announce the decision immediately. If, after deliberation, a decision is not made today, Mr. Timmons will be informed by Commission staff when one is made. Each side has 10 minutes for oral argument. The appellant has the right to split his time so that he may save some time to respond to arguments made by the assistant attorney general. He explained that Ms. O'Neal is not routinely the Commission's legal counsel; Mr. McCoy has that duty and is here for that purpose today.

Mr. Timmons said there were two unknown shoplifters who were caught stealing cigarettes they said they were going to sell at Mr. Timmons' establishment, so the Montesano Police Department used this information to organize with the Aberdeen Police, the county sheriffs, the Alcohol Tobacco and Firearms people, and used body wires to try and get Mr. Timmons to buy cigarettes. He said he told them he didn't want the case of cigarettes they tried to sell him. He said they came back and offered him five cartons, which he also turned down. He said there was an officer who went to school with his granddaughter, who they sent in to try and sell her five cartons while she was working in his establishment. **Mr. Timmons** said this same officer came back and argued with her. She still had a crush on this guy from high school, and he knows that the arguments took place because he has their body wire. When they gave back the evidence, he said they gave him the body wire. He said after she said no the second time, he said "what's the matter, can't you use them?" **Mr. Timmons** said the officer said on the tape that he'd have to have a meeting to talk about this, but he still came back again and told her to call Mr. Timmons, who also said no. **Mr. Timmons** said that his granddaughter told him that he should buy the cigarettes. The next day, **Mr. Timmons** said the officer came in with two cartons of cigarettes, because they couldn't go away empty-handed after calling in the ATF people and three police forces; and so when he took the two cartons, 20 people came in with newspaper reporters and he was on the first page of the paper. He said he didn't think he'd done anything wrong, so he didn't get a lawyer, which he said could have proved entrapment. **Mr. Timmons** said he did get a lawyer later. This happened while he was recovering from a cancer operation. He said he was going to plead not guilty, but they said if he pled not guilty they would arrest his granddaughter. He said he's already paid plenty for this; he's been to jail, he's done community service, he couldn't go hunting, he couldn't vote and he's a first-time offender. He said in five more months, all of his rights will automatically be restored because the two years probation will be over in April. He doesn't want to be embarrassed anymore by having to tell people he can't have his one crane game in Aberdeen. **Chairman Tull** said he has five minutes left for rebuttal.

Ms. O'Neal said she is the assistant attorney general representing the staff of the Gambling Commission in this matter. She said she didn't do a separate brief from what is already in the record. All the information Mr. Timmons presented today was before Judge Stanford at the hearing, with the exception of the body wire. Mr. Timmons offered the tape and then declined after Ms. O'Neal told the judge if he were going to hear that, she would need the opportunity to bring in the officers to explain it. The body wire tape is not part of the record that is before the Commission today. **Ms. O'Neal** said it was Judge Stanford's opinion, based on the order he wrote, that nothing Mr. Timmons presented excused these facts: that he was convicted of a felony involving larceny, he purchased cigarettes from someone he knew to be a juvenile, and that he did not report either that he was going to court or that he had been convicted of this criminal offense. This is in spite of the fact that he said he did attend the Commission's mandatory training, which includes the requirement that any licensee with a criminal conviction must report it to the Commission. The judge did revoke this gambling license, based on the staff's argument that they cannot watch licensees all the time and must be able to trust them to follow the rules and regulations. This crime, by his own admission, involved his attempt to make a little money, and there is no assurance that he won't see that as an opportunity when he is involved in his responsibilities under the gambling laws. Judge Stanford agreed that licensees must follow the rules, obey the statutes and not engaged in criminal conduct. She said that Mr. Timmons did have counsel; not when he was initially questioned, but he did have counsel at the time he entered his guilty plea. She said he would have had the option to enter a guilty plea in which he would not have had to admit that he committed the crime, but could have said that he believed the proof to be sufficient to convict him and that he wished to accept the plea offer. He chose not to do that; he admitted that he committed that offense, and he did admit that he had done this on

more than one occasion. Based on Judge Stanford's order, she said there is no legal reason to overturn this conviction. There is no argument that the proof or the charges brought by the Gambling Commission were inadequate. She said this is simply an appeal to the tender feelings of the Gambling Commission. Judge Stanford rejected that appeal, and she said she is asking that the revocation be upheld.

Mr. Timmons said he didn't buy anything from a juvenile, and that the officer was over-age. He said this officer went to school with his granddaughter, and that he was not a juvenile. **Mr. Timmons** said that what he said at the sentencing was what his lawyer told him to say and that he had to say it if he was accepting the plea. He said he thinks the lawyers and the prosecutors all have lunch together in Grays Harbor. At the time he was questioned at the police station, he said he was recovering from a cancer operation and he had no control of his bladder. They had him in there for hours questioning him. He got to the point where he would just say anything they wanted to hear to get out of there. He said he knows now he should have had a lawyer at that time. He said he only pled guilty so no one else would be arrested over it. He said he knows the Commission has obligations to make sure organized crime doesn't get into gambling, but his crane picks up toys and he only made \$13 last year.

Commissioner Mosbarger asked Mr. Timmons about admitting he had done this before and if he had done it before; **Mr. Timmons** said he had not done this before. **Ms. Divine** asked if he sells a lot of cigarettes and where he normally buys them; **Mr. Timmons** said he buys them at Costco and has receipts for all the cigarettes when they took them. He said the newspaper printed that many cartons of cigarettes were confiscated, and that he had 20 people working for him from Olympia to Aberdeen. He said the closest they came to apologizing to him was on the middle pages later where they said there were no stolen cigarettes involved.

Chairman Tull said that concludes the oral argument presentation on this matter. He called for executive session to discuss their decision.

*** EXECUTIVE SESSION ***

Chairman Tull called the meeting back to order at approximately 2:24 p.m. and said the commissioners have reviewed the entire file and have reached a decision. He said this is their oral decision, which will be formalized in writing and circulated for their signatures some time next week, if not tomorrow.

Chairman Tull said it is the decision of the Commission that the Findings, Conclusion and Decision of the administrative law judge be upheld. However, he said they have determined that the revocation ordered by the administrative law judge should be stayed and should not take effect during the time period that Mr. Timmons is successfully on probation on the charges out of Grays Harbor County. The period of this stay -- upon clarification by Mr. McCoy -- is through October 5, 1994. If the probation under the supervision of Grays Harbor is successfully completed, then the revocation would be terminated at that time. If there is any probation violation that results, and the Grays Harbor County court institutes any part of the sentence that has been suspended by them, then at that date of court action a two-year revocation by this Commission would take effect. **Chairman Tull** said that means, in other words, if things are completed successfully, then the revocation here would not take effect. Otherwise, it would go for two years. During the period that this revocation is stayed, no new locations, no additional machines, can be operated on his route or by his business. He said Mr. Timmons would get a written order signed by the commissioners who are present today.

6. REVIEW OF REVOCATION

Michael Ray Ealy d/b/a Sidetrack Pub & Eatery
Revocation of Punchboard/Pull Tab license
Case # 92-1476

Director Miller said this issue was before the Commission six months ago for failure to pay taxes. The Commission did not uphold the revocation, but actually gave the licensee an opportunity to continue having their license as long as certain progress was made. He said the Commission has the letter from King County, which requests that the revocation not be implemented and that the Commission keep this going. The individual has paid more than \$3,500 in back taxes and is current on current taxes. He still owes a \$10,000 balance, but there has been significant progress made. The County does not think he would pay without this type of monitoring. **Chairman Tull** said the letter from the County is dated November 9, 1993, to the Commission from a revenue officer. It states, in part, "in as much as our office has exhausted its statutory remedies, the enforcement of this obligation falls to the Commission...I feel very strongly that continued review hearings will result in full payment." It also includes an accounting of payments and dates.

Chairman Tull said he meant to tell Mr. Timmons when he was here that one of the factors affecting the judgment of the Commission was apprehension about the proceedings in Grays Harbor County. He said he wanted to make sure Mr. Timmons knew that the failure to report was not overlooked, and that's why the revocation is there and upheld. He said that Ms. O'Neal's approach and the staff's approach was just fine.

Chairman Tull said the stay should be at least six months, at which time the Commission will review the issue again. **Ms. O'Neal** said that Carrie Sutherland, Commission staff attorney, prepared a summary of what it's costing the Commission to monitor this individual, and so far \$290 has been spent, which might be billed to Mr. Ealy since he is reaping the benefits of this. **Commissioner Mosbarger** asked how thin he is paying these taxes back, because if another \$290 is added to what he owes, he may choose not to pay some taxes. **Director Miller** said Mr. Ealy is grossing roughly \$38-40,000 on average, per quarter, and that he made \$45,000 per quarter in the last three quarters. **Chairman Tull** asked Ms. O'Neal to hold on to the summary of costs for now. **Commissioner Mosbarger** moved to extend the stay of revocation for an additional six months so the Commission can receive further reports of cooperation and payment; **Commissioner Divine** seconded the motion; motion carried with three aye votes. **Chairman Tull** said the cost of monitoring this should be limited, and if it starts to involve significant amounts of staff time, then they may look at further conditions of continuing the stay any longer. He said the Commission is trying to be helpful to both King County and to the licensee, to some extent.

FORMAL REVIEW

Big Brothers of King County, Seattle

Chairman Tull said this group gave a wonderful presentation a couple of years ago and he looks forward to another similar level of presentation.

Joe Wozniak, Treasurer and Bingo Vice President, introduced the board members and staff present. He said Ralph Hoard will speak today instead of President Terry Baker, who is out of the country. Keith Padgett is the new executive director; Harry Hosey; Doug Campbell; Eric Hansen; Dwight McRae and Greg Walsh. Bill Southern was here earlier, but had to leave because he's the Department of Transportation media representative for King County and was called away to deal with the APEC conference traffic situation. Steve Strand, bingo manager, has been with the organization for 13 years, started out as a floor worker, and now has his Masters degree in business.

Ms. Cass-Healy said they are a charitable organization with a Class "L" bingo license, and a Class "N" punchboard/pull tab license. Their statement of purpose is "to ensure the availability of quality services, referrals, and companionship to youth ages 7 through 18 through the provision of positive adult role models and mentors." She said staff recommends certification.

Ralph Hoard, Vice President, said Big Brothers of King County was formed in 1957, with an annual budget of

\$12,000 and 10 board members. Now, they have an annual budget of \$1.2 million and 37 board members. He said the current board consists of prominent business people or community leaders in the Seattle area and is diverse group of race and gender. He said the success level of the board members in business gives a profile of what the board is all about. Their titles are in listed the packet. He said they have an executive committee of 12 people who meet once a month, and there's about a 90 percent attendance rate. The main board meets once a month, and at least once a year at the bingo hall, and they have about a 75 percent attendance rate. The average board member serves four to five years, is between 40 and 45 years old, and is dedicated to the concept of Big Brothers.

Mr. Hoard said the executive director is in charge of daily operations. The past director had run the agency since 1976 and retired last year. The Board hired a management recruiter and screened more than 150 applications to fill the position. Five were interviewed and screened through an exhaustive process. Keith Padgett is the new executive director and he is present today. He said Mr. Padgett has a Bachelors degree in Sociology from the University of California, and a Masters degree in public administration from National University. From 1970-83, he was the executive director of the Green Valley Ranch for emotionally-disturbed boys ages 8-18. From 1983-87, he was the executive director of Big Brothers & Big Sisters of the greater Sacramento area; and from 1987-91, he was the executive director of the National Multiple Sclerosis Society in San Diego. For the last couple of years, he had his own business in San Diego, which was a full-service sports marketing and promotion agency.

Keith Padgett said he always missed the Big Brothers organization after he left and this is a great opportunity to come back. He said they are very excited about the future of the organization. They are a part of the National Big Brothers/Big Sisters of America movement, which has its headquarters in Philadelphia, and there are more than 400 agencies throughout the country. Although most cities have combined Big Brothers with Big Sisters, this city has separate agencies and both are part of the national movement. They have received numerous awards from the National organization, and he was very familiar with how well-respected Seattle was when he was in Sacramento. He said the organization serves 420 children now with big brothers and there are 300 boys on the waiting list. Some children have to wait two years for a match and the goal is for them to recruit more men of the quality level of the 420 in the program now. Beginning in 1994, they will have an aggressive recruitment campaign to recruit more men, especially men of color and men in the South King County area. There are 150 children on the waiting list from South King County and two offices were consolidated. There are advisory boards in each part of the county, which consist of individuals who help with recruitment and some fund raising. There are currently five offices that will be consolidated to three by the first of the year.

Mr. Padgett said they have an extensive goal for recruitment to increase big brothers in South King County by 30 percent and African American recruitment by 20 percent. The success of the bingo operation has helped them make these plans. He offered to answer any questions.

Chairman Tull said one of the reasons for this formal review procedure is to make the Commission fully aware of what's going on within the state involving charitable licensees and what types of good works they are conducting with the help of gambling proceeds. He said the Commission knows of the burden involved in going to board meetings, and that having to come here for the formal review is an additional burden. He said the process is good for the organizations too, because they can ask the Commission questions or make comments directly, in public or private. He said the staff has recommended recertification, which speaks highly of the organization. **Commissioner Mosbarger** asked how the organization recruits the boys for the program; if they come to the organization or does the organization reach out to schools. **Mr. Padgett** said both; and that all children served are from single-parent homes. The parent will usually call the organization. He said they are very visible throughout the county in their recruitment efforts for men, and because of that, single parent/mothers are familiar with the program. There is never a shortage of little brother applicants. He said someday they'll be at 1,000 matches and still won't be happy with that number, because there will still be

a tremendous need out there. **Commissioner Mosbarger** asked if schools refer children; **Mr. Padgett** said schools do call, but usually it's the parent who calls. One of their new programs is to try and develop a high school program.

Mr. Padgett said Big Brothers of King County is one of the largest Big Brother agencies in the country, and the solid financial foundation provided through bingo is one important reason for its success. The Washington state agencies are among the best in the country, and he said he's sure that's because of bingo.

Chairman Tull asked to what extent they use college students; **Mr. Padgett** said the only criteria is that the big brother be 18 years old or older and they do recruit on college campuses. He said some of the college matches are some of the better big brothers that they have. There are a lot of students who say they don't have enough time, but they're told that three or four hours a week really isn't that much, and over time they begin to see how positive it is for them too. Most college big brothers continue to be big brothers after they graduate. **Commissioner Divine** asked how much time most big brothers put into the program; **Mr. Padgett** said each match is asked to commit three to four hours per week for at least a year.

Mr. Padgett said that, unfortunately, all organizations that serve children can be a target for pedophiles. He said Big Brothers is at the forefront nationally on screening individuals for this type of work. They screen the volunteers more thoroughly than any organization he knows of. They do police checks, finger-print checks, DMV checks, the case workers interview the potential volunteers personally and in their home, and they do a personality inventory test that is screened professionally. Once a week this information goes to a committee of all the case workers and each person has to be approved unanimously to become a big brother. **Chairman Tull** asked what he thinks would help reverse the single parent trend in society; **Mr. Padgett** said the problem is divorce in this country, which is a fact of life these days. The children of divorce are at the highest risk for delinquency, being involved in gangs, for dropping out of school. Fewer than three percent of the children matched ever have any contact with the law once they are matched. He said he doesn't have an answer to the divorce problem, but this program helps at-risk children become productive citizens. **Director Miller** asked what the youngest age for Little Brothers is, and how long they generally stay in the program.

Mr. Padgett said six and seven years old is the youngest that can apply, and they officially graduate from the program when they turn 18. He said there is a new program being talked about called "Friends for Life," which maintains matches officially after graduation. **Mr. Padgett** said the average match nationally lasts two years, and Big Brothers of King County has a two and a half year average. A lot of the friendships continue even after the match is officially closed, and the biggest cause for closure is when the Big Brother moves out of the area. He said he received a call yesterday from a big brother from Pittsburgh who just moved into the area and wants to volunteer, which is a typical scenario all across the country. He said that a little brother could wait up to two years for a big brother in South King County, and that's where the waiting list is the longest.

Commissioner Mosbarger asked if the little brother is allowed to contact his big brother during the week if he has a problem; **Mr. Padgett** said the minimum requirement is three or four hours a week, but once a big brother is in the program he spends a lot more time than that, and are usually available for the little brother if he has questions. The organization is also a resource for the children as well. Each year, the agencies submit a story about a little brother to the national organization and then one is chosen for a scholarship. This year, one of their organization's little brothers won the scholarship. At a young age, this little brother was diagnosed with cancer. His big brother was a pharmacist and knew a lot about the drug therapy he had to go through and he helped him through that process. Now the cancer is cured and the little brother is in college, and the scholarship has helped him go to college. The match is still in place and he is 17 years old.

Mr. Bishop asked about group activities. **Mr. Padgett** said there is currently one un-matched activity per month, and the goal for next year is to have two per month. A lot of college students participate in these activities for un-matched boys who are on the waiting list.

Ms. Tolton asked how much support they get from other sources besides bingo and contributions; **Mr. Padgett** said their biggest fund raiser this year was the gourmet dinner/auction, which netted about \$280,000. There are a couple of golf tournaments and some smaller activities. One of the goals is to decrease the dependency on bingo by the year 2000 to 50 percent, instead of where it is now at 63 percent. He said this is because they are diversifying their fund raising activities.

Chairman Tull said he was with Mr. Wozniak at the National Council on Problem Gambling conference this year, and he asked what the agency is doing actively to make sure that those types of problems don't affect their fund raising capability, either directly or indirectly. **Mr. Wozniak** said they have joined the Washington branch of the National Council on Problem Gambling, and they are developing ideas now for becoming more active. He said the conference was educational, and that there is a lot of respect nationally for how Washington state handles gambling, including bingo, pull tabs and Indian gaming. He said it's disappointing that larger states have not gotten their acts together.

Commissioner Mosbarger moved for recertification of Big Brothers of King County; **Chairman Tull** asked if there were any additional comments or questions. **Doug Campbell**, a 16-year board member, asked about a prior concern the Commission had at a previous formal review about charities that provide something other than food, clothing and shelter to recipients; **Chairman Tull** said this review process explores the question posed by then-Commissioner Keefe of to what extent the Gambling Commission can direct charitable gaming proceeds in the state. There were many discussions, and the result is this review process and also the package of rules that are up for final action tomorrow. They address crucial issues as to whether a charitable licensee is really entitled to the benefits made available by the Legislature through charitable gambling operations. Organizations that have strong independent boards of directors have nothing to worry about, but organizations that exists just to benefit the employees and make token utilization of funds had better change their ways. Big Brothers of King County is doing the right thing now. He said it would be pointless to force this organization to write big checks out of its account to give to some other needy organization; he can think of nothing more important than what they already are doing.

Commissioner Mosbarger said that food and clothing are important, but the soul of a boy is very high on the list. **Director Miller** said he is very pleased with the relationship the Commission has with licensees, and the packet that is up tomorrow is the finest in the country. From his perspective, he said he cannot tolerate waste or abuse of charitable money. It takes money away from legitimate charities. He said this organization is well represented by Mr. Wozniak, who doesn't hesitate to make his views known.

Chairman Tull said the state Legislature's system, which has evolved over the past 20 years, is the best system for regulating charitable gaming in the world. He said during his remaining three years on the Commission, his priority is to have the best regulatory program and that the licensees are able to say that at the same time the Commission does. He said the mission of the Commission is clear and that helps relationships between staff and licensees. He appreciates the candor of groups such as Big Brothers of King County, and he encouraged all licensees to come forward when they see problems or have concerns. **Mr. Wozniak** said he became involved in 1979 and Mr. Bishop has been at the Commission nearly that long. **Chairman Tull** said continuity is helpful; and in 1985 the Commission stabilized in membership for a few years. He said the recent appointments are of high caliber. **Director Miller** said it's a complex area, and tomorrow's rules took 10 months to a year to develop the packet. The process involved month-to-month input from the industry and consensus building.

Chairman Tull said one good thing about organizations like Big Brothers of King County is that their directors and officers are individuals who, if they are able to comprehend the importance and reach of gambling regulations, then it helps as the entire state grapples with the question of expanding gambling.

Director Miller said that last month in Virginia, he gave a presentation on bingo to the state of Virginia's bingo legislative task force, which was set up because of a scandal on charitable bingo operations doing \$4 million a year and returning only four percent back to the charity. The primary beneficiaries were landlords and suppliers. He said it's rewarding to see that and know that the system here in Washington state really does work. **Mr. Wozniak** said they don't have a landlord because they bought their own building.

Chairman Tull said from time to time the Commission looks at how much money an organization should amass, and his view is that as long as the organization has a plan for the proceeds, then it's up to the independent board as to how to use it. He said there is a motion and a second to recertify Big Brothers of King County, and he called for a vote. The motion carried with three aye votes. **Chairman Tull** called for a brief recess.

Chairman Tull called the meeting back to order to hear the four recertification reviews. He said the Commission would hear all four and then vote on them together.

RECERTIFICATION REVIEWS

Boys and Girls Clubs - Tacoma/Pierce County

Ms. Cass-Healy said they are a charitable organization with a Class "I" bingo license, and also hold a Class "J" punchboard/pull tab license. Their statement of purpose is "to provide behavioral guidance and to promote the health, social, educational, vocational, and character development of youth." The organization served approximately 3,830 boys and girls through 26 employees and 450 volunteers. Net gambling revenues totaled \$292,432, which was 19.5 percent of total revenues. Bingo net income was \$226,000 of total revenues; and the organization spent \$1,328,524 in support of their stated purposes, including \$391,853 for administrative costs. Staff recommends recertification as a charitable organization.

Central Area Youth Association, Seattle

Ms. Cass-Healy said they are a charitable organization with a Class "M" bingo license, and a Class "K" punchboard/pull tab license. Their statement of purpose is "to facilitate the positive development of youth for the benefit of the youth, their families, and the community." The organization served 2,788 youth through 19 employees and more than 1,000 volunteers. Net gambling revenues totaled \$610,143, which was 49 percent of total revenues. Bingo net income was \$379,917, which was 30 percent of total revenues. They spent \$1,192,442 in support of stated purposes, including \$71,666 for administrative costs. Staff recommends recertification as a charitable organization.

Chairman Tull asked about total amount compensated that is listed, and if that amount is the taxable portion only; **Ms. Cass-Healy** said the staff uses the amount reported on the W-2 as a benefit, but that should could find out more specifics; **Mr. Bishop** said it's just the net. **Chairman Tull** said she didn't need to bring that back, just make sure if there's ambiguity to be sure and clear it up by letting everyone know; **Mr. Bishop** said the staff's guidelines for benefits are only those items on the W-2; not their health insurance, but the pension contribution would eventually hit the W-2 form.

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Ms. Cass-Healy said this is their first review. She said they are a fraternal organization and hold a Class "G" punchboard/pull tab license and a Class "D" bingo license, as well as raffle and fund raising event licenses. Their statement of purpose is "to unite fraternally for mutual benefit, protection, improvement, social enjoyment of all persons, and to promote the principals of liberty, truth, justice, and equality." They served 921 members

and 2,150 of the general public through one employee and 131 volunteers. Net gambling revenues totaled \$96,865 for the year, which was 72.7 percent of total revenues; and punchboard/pull tab net income was \$80,000. They spent \$95,488 in support of their stated purposes, including \$33,346 for administrative costs. Staff recommends temporary recertification as a fraternal organization, pending discussion of the Commission's requirements with them by staff. **Commissioner Mosbarger** asked about the figure of 34.9 percent of total expenses for administrative costs; **Mr. Bishop** said the reason that is so high is they only have one employee and the total cost is administrative, and all their services are provided by volunteers, and managing the volunteers is still a program expense. **Ms. Cass-Healy** said this figure includes the secretary's wages and the overhead. **Mr. Bishop** said that Commissioner Divine had asked about the financial information in the report, and one of the concerns with this particular organization is that they provided the staff with its general ledger instead of filling out the report, so they need to be educated on how to classify their expenses.

GONYEA BOYS AND GIRLS CLUB, Tacoma

Ms. Cass-Healy said they are a charitable organization and hold a Class "F" bingo license and a Class "E" punchboard/pull tab license. Their statement of purpose is "to provide behavioral guidance and to promote the health, social, educational, vocational and character development of youth." They served 1,921 youth through 11 employees and 150 volunteers last year. Net gambling revenues totaled \$68,578 for the year, bingo net income was \$46,000 of that. They spent \$391,501 in support of their stated purposes, including \$51,739 for administrative costs. Staff recommends recertification as a charitable organization. **Chairman Tull** said the reason he had asked the Big Brothers of King County about divorce and single parent families is because he is currently chairing a school levy debate for his school district, and the amount of money that should be spent through the school system to address behavioral problems. He said he wishes he knew what the cause really is. **Ms. Cass-Healy** said this Club has many in-house educational programs, but does not appear to reach out to schools as much.

Commissioner Divine moved for recertification of all three groups, with except of the F.O.E., which is for temporary certification; **Commissioner Mosbarger** seconded the motion; **Chairman Tull** noted for the record that there are no members of the public present. He also noted that Mary Ann Goe, who had been a good participant in the bingo study activities over the years on behalf of CAYA passed away a year ago. Vote taken, motion carried with three aye votes.

Chairman Tull called for executive session and adjourned the public meeting until Friday morning at 10:00 a.m. He said the executive session would cover both the investigations Director Miller will cover, and pending litigation matters mentioned by Mr. McCoy.

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING FRIDAY, NOVEMBER 19, 1993

Chairman Tull called the meeting to order at 10:05 a.m. at the Radisson Hotel, SeaTac, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, CHAIRMAN; COMMISSIONERS WANDA MOSBARGER, and ARDITH DIVINE, and Ex Officio Member JUDI ROLAND.**

OTHERS PRESENT: **FRANK MILLER, Director; SHARON TOLTON, Special Assistant to the Director; BEN BISHOP, Assistant Director, Licensing; NEAL NUNAMAKER, Deputy Director; JONATHAN McCOY, Assistant Attorney General; KIM O'NEAL, Assistant Attorney General; and SUSAN GREEN, Executive Secretary.**

Chairman Tull said the agenda contains major rule packages, and there is a very light crowd in attendance.

1. APPROVAL OF THE MINUTES FROM THE OCTOBER 14-15, 1993, MEETING

Commissioner Mosbarger moved for acceptance of the minutes from the October 14 and 15, 1993, meeting as set forth as printed in the agenda packet and including the one change; **Commissioner Divine** seconded the motion, motion carried with three aye votes.

2. STAFF REPORTS

Director Miller said there is a brief update on Class III negotiations. **Ms. Tolton** said that, to date, the Gambling Commission has processed approximately 810 applications for certification through the Class III compacts; there are ten completed compacts and ten negotiations in various stages of completion. The newest requests are from the Nisqually Tribe in Thurston County and the Skokomish Tribe in Mason County. There are presently two facilities open; Tulalip Tribe's in Marysville and the Nooksack Tribe's in Deming. It is anticipated that two facilities will open in April 1994, the Swinomish facility in LaConner and the Muckleshoot facility in Auburn. Projected opening date for the Chehalis tribal facility in Oakville is June 1994. Jamestown Tribe in Sequim is projecting for August 1994, and the Upper Skagit is scheduled to open in September of 1994. The dates are all subject to change, but they are the tribes' best estimates.

ADOPT OR AMEND RULES

Chairman Tull said following the overview of today's rules, there will be an opportunity for public testimony and comments. **Sharon Tolton** said these rules today are up for discussion and final action today.

3. Commercial Amusement Games

- A. New Section **WAC 230-02-511**
Attended Amusement Game Defined
- B. New Section **WAC 230-02-514**
Coin or Token Activated Amusement Game Defined

- C. New Section **WAC 230-20-508**
Authorized Amusement Games - Types, Standards and Classifications
- D. New Section **WAC 230-20-509**
Amusement Games - Classification to be Assigned by Operator
- E. Amendatory Section **WAC 230-20-615**
Amusement Games - Material Degree of Skill Required - Standards
- F. Amendatory Section **WAC 230-20-630**
Amusement Games - Fees, Rules, Prizes, and Variations in Objects to be Posted - Fees to be Paid in Cash or Script - Prizes Not to Differ From Those Posted
- G. Amendatory Section **WAC 230-20-700**
Coin Activated Amusement Games - Standards
- H. Repealer **WAC 230-20-605 - Types of Amusement Games Authorized**

Ms. Tolton said this group of rules simplifies the approval process for amusement games and variations of amusement games. Prior to this packet of rules, licensees were required to have the Commission review each game and amend WAC 230-20-605, which is repealed at the end of this proposed packet. These are up for final action today and staff recommends approval.

Commissioner Mosbarger moved for acceptance of the staff recommendation to adopt these rules; **Commissioner Divine** seconded the motion; motion carried with three aye votes.

4. Regulation of Nonprofit Organizations

Mr. Bishop said these rules were proposed by staff in conjunction with the Bingo Study Committee. They were discussed at length. The rules will allow the Commission to objectively evaluate a charitable/non-profit organization, as well as the progress made toward its purpose.

- A. New Section **WAC 230-02-108**
Gambling Proceeds Defined
- B. New Section **WAC 230-02-183**
Active Member Defined
- C. New Section **WAC 230-02-278**
Program Services Defined
- D. Amendatory Section **WAC 230-04-024**
Bona Fide Charitable or Nonprofit Organizations--Minimum Qualifications--Restrictions--Definitions.
- E. New Section **WAC 230-08-255**
Bona Fide Charitable or Nonprofit Organizations--Significant Progress--Group II and Group III Licensees
- F. New Section **WAC 230-12-078**
Bona Fide Charitable or Nonprofit Organizations--Responsibilities--Independent Management Control Structure Required

Chairman Tull asked for testimony from the audience members; he said this is the final opportunity for comment on these rules.

Ed Hemming, Mr. Ed's Bingo Supply, said he is confused about these new rules, and that a packet arrived as late as yesterday, and that doesn't give him much time to study it. **Chairman Tull** asked if he was referring to the next group of rules for manufacturers and distributors; **Mr. Hemming** said he would wait for the next group of rules and then testify.

Chairman Tull said item four deals with six proposed amendments dealing with charitable organizations. He asked if anyone else would like to testify; no one came forward. **Commissioner Mosbarger** moved for approval of these rules; **Commissioner Divine** seconded the motion.

Chairman Tull said when he first came to the Commission, one of the most difficult issues the Gambling Commission faced was how to fairly address some of the issues dealt with in this set of rules. He said he's very pleased with the work of the Commission staff, and especially Mr. Bishop. He said the Bingo Study Committee process has been successful over the past few years, and this set of rules can be attributed to the dedicated cooperation received from people in the bingo industry.

Chairman Tull called for a vote; motion carried with three aye votes.

5. Licensing of Bingo Equipment Manufacturers & Distributors

Mr. Bishop said this is a group of 14 rules related to the regulation control of bingo equipment, especially disposable cards. He said these rules were proposed by staff and discussed with the industry. They are proposed to accomplish three objectives: to ensure that 1) all persons involved in gambling are qualified through the licensing investigations process, 2) assist the Commission in its role for player protection by eliminating the potential for duplicate cards in large games, and 3) to provide the staff with an effective audit tool for controlling inventory of disposable cards. Amendments have been made from the original filing. After receiving comments last month, they've been amended in six areas.

Mr. Bishop said six written responses to these rules were received from distributors and the commissioners have copies. Four were opposed, and two from distributors supported them. There were no written comments from manufacturers, and there was one written response from an operator who was below the level regulated.

Chairman Tull asked him to recount the process followed; **Mr. Bishop** said approximately one year ago, discussion with the bingo study committee began on this issue. It was discussed monthly for nine months. Six months ago, he said he began dealing with the manufacturers, because the main people affected by the rules are the manufacturers and the operators. The main objective is to control the process at the operator level. Meetings were held with the industry, with three major manufacturers and there were no meetings with distributors until late in the process. During the bingo study committee meetings, he noticed representatives of some distributors were present, and assumed they were informally involved. In September, he mailed a packet of all the rules to all the distributors and asked for their input and said he'd like a meeting. No one responded; he scheduled a meeting and only three representatives from distributors showed up. The rules have been mailed extensively to operators Class C and above, to all manufacturers and to all distributors.

Director Miller said that a memorandum was also sent out by Mr. Bishop to address questions that have been raised during that last week or so; **Mr. Bishop** said he worked from the minutes from the last meeting to address all the comments made. He said he worked long hours and got a packet out as fast as he could. The packet responded to specific issues and did not make any new changes.

- A. Amendatory Section **WAC 230-02-210**
Distributor Defined
- B. Amendatory Section **WAC 230-02-230**
Manufacturer Defined
- C. Amendatory Section **WAC 230-02-250**

Bingo Equipment

Mr. Bishop said, in response to the distributors and operators, staff requests modifying this rule to delete sub-section 5, regarding daubers as being bingo equipment. He passed out a copy of the rule the way it would read with the change, and said if there's a problem in this area in the future, it can always be amended. **Director Miller** asked if daubers would now be included instead under sub-D as general supplies; **Mr. Bishop** said they could be added to the list for clarification. **Mr. Bishop** said there was a concern from the distributors about this rule not allowing them to sell to Tupperware and to schools, but the rule defines bingo equipment as being such only when it is used in gambling. Otherwise, it is not bingo equipment and there would be no prohibition against selling to groups for recreational purposes. **Chairman Tull** asked if there's a problem in using such items for a business promotional use; **Mr. Bishop** said it could be used for promotional purposes as an authorized activity if the specifics for promotional contests of chance are followed. **Director Miller** said it's difficult to cover every type of scenario, but the Tupperware issue raised earlier appears to be allowed under these rules.

D. Amendatory Section **WAC 230-04-110**
Licensing of Manufacturers

E. Amendatory Section **WAC 230-04-120**
Licensing of Distributors

F. Amendatory Section **WAC 230-08-017**
Control of Gambling Equipment -- Use of Identification & Inspection Services Stamps

Mr. Bishop said this sub-section was modified to "grandfather" all product on hand as of January 1, 1994, so that it will not require identification stamps. This is in response to concerns made by distributors.

G. Amendatory Section **WAC 230-08-025**
Accounting Records to be Maintained by Distributors and Manufacturers

Mr. Bishop said sub-section 1(a) was modified to allow distributors to have computer-generated numbering systems for their invoices.

H. New Section **WAC 230-08-040**
Sales Invoices--Minimum Information to be Recorded for Transfer of Gambling Equipment

I. Amendatory Section **WAC 230-08-140**
Quarterly Activity Reports by Distributors

J. Amendatory Section **WAC 230-08-150**
Quarterly Activity Reports by Manufacturers

K. New Section **WAC 230-20-192**
Standards for Disposable Bingo Cards--Definitions

Mr. Bishop said this was modified at the request of manufacturers. He said, in sub-section 5(c), to remove the word "consecutive" for sheet numbers, which allows them to use the normal card number audit system.

Mr. Bishop said one of the main control functions for large games is requiring that the product be put together by the manufacturer and remain intact through to the operator, so the operator is accountable for receiving that specific product. The distributors said there were problems with this, because the operator may want them cut them differently than was done by the manufacturer. Last month, this rule was modified to allow cutting; this month, it has been modified in sub-section 6(a) and 6(b) to allow them to sell to unlicensed games and those authorized activities for recreational purposes and to break a carton under certain circumstances. The main concern is that the larger games, "G" and above, must get a full package. Below that, they can break up the cases.

L. Amendatory Section **WAC 230-20-240**
Bingo Equipment to be Used

Mr. Bishop said there was a change to sub-section 4(b). Player selection game cards become a gambling product when the player writes down their own numbers. A controllable serial number and a duplicate copy are needed. They can be manufactured by a local print shop as long as the standards are followed. This rule allows local print shops to print these and allows the licensed operators and distributors to buy them.

Mr. Bishop said there is also a change in sub-section 7 of this rule regarding operators' concerns about the penalty phase for having duplicate cards in the game. This change provides for delaying the penalty phase until after June 30, 1994. This gives staff six months to see the extent of the problem and make modifications if necessary before then, but in order to catch all the potential problems, licensees will need to notify the Commission about any problems that come up.

M. Amendatory Section **WAC 230-20-241**
Player Selection Games

N. New Section **WAC 230-20-243**
Hidden Face Bingo Games

Chairman Tull asked if there were any questions. He said to go through item 6 now, and the comments for both 5 and 6 will be taken together.

6. Regulation of Disposable Bingo Cards

A. Amendatory Section **WAC 230-08-080 - Daily Records--Bingo**

B. New Section **WAC 230-08-105 - Disposable Bingo Cards--Inventory Records**

C. Amendatory Section **WAC 230-20-101 - Income From Bingo Games--Receipting Required**

Mr. Bishop said there is one typo in the last rule, last sub-section is mis-numbered and should be (c)(ii), and that will be changed.

Chairman Tull called for public testimony.

Mr. Hemming resumed his testimony. He said he is not opposed to regulations and believes in highly-regulated systems. He said he needs to know what field they are playing in. They don't just sell to Tupperware, but also to Home Clubs and for Safety Bingo. He does not want to go through the same problems as when they began selling pull tabs to the Indians. He said they have items in inventory that have been there for 10 years and still sell occasionally. He wants to know how that will be handled, and how to handle putting stamps on old bingo machines. **Director Miller** said staff received his letter and has tried to address all of his concerns. **Mr. Bishop** said the Commission is not attempting to control bingo machines with stamps. There is no requirement to put stamps on machines, because there are probably more machines in use now than will be sold over the next three or four years. He said there will only be stamps on disposable cards. He said they will be able to sell to the Home Club for their recreational bingo promotions.

Chairman Tull asked if staff has responded to Mr. Hemming's written questions in writing; **Mr. Bishop** said they will respond in writing, and that staff would much prefer to respond in writing so there's time to address all the issues and make a complete response; **Mr. Hemming** said he'd much rather have the answer in writing also. **Director Miller** said this has been one of the most in-depth processes the staff has ever delved into, and staff has made a commitment to work with all industry groups involved to work out any bugs there may be. **Mr. Nunamaker** said there is already a training program scheduled for the Commission staff on these rules, and meetings are being scheduled around the state for operators and distributors to go over these rules.

Don Kaufman, Big Brothers & Sisters of Spokane, said he's speaking today as vice president of the WCCGA. He expressed his support for these rules as printed and said they appreciate the cooperation from the Commission staff on the adjustments made, even at the last minute. He said this moves them in the right direction and culminates six months of work.

Don Grothe, Zanotto Distributing, said he's sent letters to the Commission to oppose most of these new rules because he doesn't see what will be gained. He said right now everything is being taken care, and new rules will make a lot of unnecessary work for the distributors. But he would be willing to pay a license fee instead of the stamps being placed on everything. They sell to all different kinds of groups and the Safety Bingo programs are getting bigger. If there's a stamp on the merchandise already, he wants to know what to do with it when the item is sold to a group for recreation. He said he thinks any problems are being taken of at the hall level right now.

Chairman Tull asked if Mr. Grothe has any other potential problems besides the safety bingo buyers. **Mr. Grothe** said paper is cut in six different ways now, with one series being cut six ways. They end up cutting it themselves to put in separate boxes. He said he doesn't know what to do for a stamp on each set of thirty different sets in one case. He's not against regulations, he said he just doesn't think it can be regulated anyway other than with the serial numbers/audit numbers that are on the sets now. He said the stamp will make such a mess that they'll all be in trouble all the time, and that it's not the same as pull tabs and will be a real nightmare to control.

Mr. Bishop said there must still be a mis-communication. He said when a unit is put together by the manufacturer, if it includes 20 series, there will only be one stamp to control that entire unit, not 20 stamps for each series. The idea is to control the product at the operator level for inventory and disposable cards. Neither of those goals can be accomplished without standards and controls at the manufacturer level to ensure the operator is receiving a product they can use and be in compliance. If the distributor is only for passing product through, there's no need for much control at that level. When the manufacturer puts the product together, they will assure the buyer that there are no duplicates, and if there are, the manufacturer is the one who pays. The distributor is not liable for any duplicates unless they alter the manufacturer's product. That was the intent of making sure the entire unit is sold to larger licensees. When a distributor starts changing product, they become a manufacturer under the definition.

Ed Hemming said that one of the things they used a few years back when the paper industry became more organized, was a standard color rotation for the sole purpose of guaranteeing that no game would ever be out of paper. They use the same color rotation for every game. He said he still wants to have the privilege of being able to take a 20-up and make an 18-up out of it, and he said he's not changing anything except pulling two sheets off of it. On their invoice it would be listed as an 18-up sold, but the manufacturer's invoice would have said it was a 20-up. He said they also do a lot of cutting. **Director Miller** said the rule was amended to allow distributors to cut a six into a three. **Mr. Bishop** said changing the "up" shouldn't cause a duplication error, and when he addressed that issue with a couple of other distributors, they said they'd rather not do that. **Mr. Hemming** said it is more work, but he wants the ability to keep doing that because he's guaranteed certain games they'd always have their paper.

Don Grothe said they end up selling a lot of small sets to big games because they run out once in awhile. He asked if they'll still be able to do this under the new rules. He said they report every single serial number that goes out, and he said that's the only control needed. If a set is cut down into three-ons from six-ons, there would only be one stamp, so he'd need a stamp for each if they're sold to different operations. He said paper is needed in emergency situations quite often, and sometimes it's one box out of a set. **Director Miller** said the stamp is also a convenience to the operator. **Mr. Grothe** said the serial number should be enough. **Director Miller** said the Commission needs more of an audit trail than that. **Mr. Grothe** said the only way he thinks it will work is if the Commission gives distributors stamps to put on merchandise as it goes out the door; **Chairman Tull** asked how he keeps track of the odd lots that are sold; **Mr. Grothe** said the serial number is used. He said most of the sales are done on the computer; **Mr. Bishop** asked which serial number they write down and if it's all twenty serial numbers on a 20-up; **Mr. Grothe** said just the one serial number. **Mr. Bishop** asked what happens if the first page is taken off; **Mr. Grothe** said no one ever takes the top page off, but if they did, they would just use the serial number found on the next sheet. **Mr. Bishop** said that would leave nothing to identify it from the manufacturer to the distributor. He said that from the perspective of an outside auditor, they need more controls than the people who work with it everyday. The Commission needs to be able to track the unit from the manufacturer down; **Mr. Grothe** said they can do that with the serial number; **Mr. Bishop** said they use a serial number and a packing slip. If the packing slip goes inside, it can't be

changed. For Class "E" and below games, sets can be broken up for them under these rules. He said he's looking at this from the perspective of the Commission's audit staff, and they wanted 20 serial numbers for a 20-up, and 20 colors, so they could walk in during a game and audit more easily. He said that is over-regulating, so he came up with a compromise.

Director Miller said if the rules go through, there will be many more distributors selling paper than today. He said there are very few distributors selling paper in Washington state, and some have come to him saying they cannot buy paper unless they buy from certain distributors. He said everyone will have to make adjustments, and the Commission staff is willing to work with anyone who has questions. **Mr. Grothe** said there are a lot more distributors selling paper, but he said the reason is it's not that easy to do. There are six manufacturers of paper, and it takes a big investment to even think about getting started. He said he hasn't heard of any problems in the 15 years he's been in business. **Director Miller** said paper is now required statewide to give greater accountability, and the increased controls will be needed. **Mr. Grothe** said he's sold only paper for six or seven years. **Director Miller** said there are concerns with occasional thefts and missing numbers, and he said this will strengthen the Commission's ability to account for that. The reason for the rules is to ensure that the money gets to the charity and not into someone else's pocket. **Mr. Grothe** said he has no disagreement with regulation, but just with the stamp. He said the serial numbers should work.

Jay Gerow of Zanotto's Distributing said one of the biggest problems was the lack of communication between staff and distributors, and he said their group was overlooked until last month before the October Commission meeting. He said its being shoved down their throats rather quickly. **Director Miller** said the process on these rules began about a year ago, and many distributors were at the meetings, so he is amazed that the concerns just came up last month. He said the regular distributor meetings that were being held broke down because of the diversity in the group. There are four against, two for and others that have called in support and opposition. He said he's not sure it's possible to find consensus in this group, and it has not been possible on the pricing issue either, discussion on which will resume at the first of the year. There has been a lot of opportunity for notice, and yet comments were received as late as this week, even though the rules have been on the agenda for three months. The proposed rules were sent to everyone in September and there were no comments received.

Chairman Tull called for any other testimony; hearing no one, he closed the public testimony. **Commissioner Mosbarger** asked how easy it would be to change one of the rules if it does not work the way it was thought to work; **Mr. Bishop** said that as soon as staff finds out there's a problem, action will be taken to fix the problem and staff will come forward to fix it long-term with rule changes. He said one of the staff's goals is to be sure the charities make money, and he made a commitment to act by policy first and get the rules changed as soon as is practical if there is a problem.

Chairman Tull responded to Mr. Grothe's letter, which asks the Commission to site business reasons for adopting these rules. He said that is not the function of the Commission, and that it is not for regulating businesses for the sake of business, but to regulate gambling for the sake of the people of the state of Washington. He said sometimes that means being at odds with industry, and there's been a major effort in the past years to keep the differences as few in number as possible. **Chairman Tull** said he supports these rules because when there's a close call from a regulatory perspective, then he goes with the recommendation of staff, which are the most experienced gambling regulators in the country. He commended Mr. Bishop for expressing the intention to monitor these new rules and to stand ready to deal with problems quickly.

Commissioner Divine said she agrees with Chairman Tull, and at first she had problems with these proposals, but now agrees that there is a need for these regulations for auditing purposes. She said she supports the rules. **Representative Roland** said, being new to the Commission, she relates to being a legislator and how when they pass things in Olympia, they hear from certain industries that ask where the just compensation is. She said that the Commission should be sure and keep in mind that every regulation put upon a business costs money. **Chairman Tull** said the commissioners have a very keen interest in how business interests are balanced with regulation; he said he knows that if there are any problems, Director Miller will work with industry people and come back with recommendations.

Mr. Bishop said he'd like to go back and amend WAC 230-20-192, sub-section 6(a)(i), which is 5 K in the

agenda; "at an operator's request to change the 'on' and 'cut'", he proposed to add "up" between "on" and "and". It would read "to change the 'on,' 'up' and 'cut'." The "on" refers to the number of cards on a particular sheet; the "up" refers to the number of sheets in a particular packet. **Mr. Bishop** said that would address the issue that, in an emergency situation, they could open a box and tear off the two bottom sheets and change the "up" without causing a regulatory problem.

Commissioner Divine moved for approval of the rules in section 5 and section 6, including the minor amendments in writing and orally offered today by Mr. Bishop; **Commissioner Mosbarger** seconded the motion, **Chairman Tull** said that regulations and issues involving licenses require the affirmative vote of three commissioners. Vote taken, motion carried with three aye votes.

Chairman Tull said that the on-going flexibility of staff is important in an area the Commission has not been active in before. He said the licensees affected by these rules should discuss any problems with Director Miller or Mr. Bishop, and that if anyone doesn't want to talk with them, they can track down any commission member and they'll be happy to listen.

7. Punchboards and Pull Tabs

New Section **WAC 230-30-998**

Punchboard and pull tab retention requirements--Test

Sharon Tolton said there is a typographical error on the action date, and the rule is up for action today. The new section is proposed by staff at the recommendation of Ron Sellar and the Washington State Licensed Beverage Association. It provides for a test that will reduce the retention period for commercial operators' pull-tabs from four months to two months to begin January 1, 1994. Following printing of the agenda, one comment was received from one jurisdiction that currently requires four months retention. This test does provide that licensees contact the director in writing to request permission to participate, and there are some situations that would preclude participation in the test; for example, pending charges for violations of gambling rules. Staff recommends final adoption.

Chairman Tull said there is a minor procedural issue raised by the mis-identification of the final action date, but he said his feeling is that no one would object to the Commission taking action on this rule today because there have only been positive responses previously. **Director Miller** said that the letter from the City of Bremerton should be treated as a request for amendment. He said he's spoken with city representatives and they've asked for this, but that he feels the rule allows a city in the local jurisdiction to retain a four month or greater retention period if they so choose. He said staff will be working with the licensees and local governments, and if a decline in reportable revenues in the first few months of 1994, the system would not be working very well. Discretion still lies with the local authorities. He said this rule is for those areas that do not have a requirement for a greater retention period. Staff does not support the amendment.

Chairman Tull said there is still the procedural question in determining if there's any reason to not go forward; **Commissioner Mosbarger** said this issue has been discussed for a couple of months and it's been known that action would be taken at this meeting. **Chairman Tull** asked if anyone present was concerned about the typographical error. **Ms. Tolton** said the filing that went with the Code Reviser and come out in the code register did indicate that final action would be taken at today's meeting. **Chairman Tull** said the problem is that the Commission put out a lot of notice with the distribution of agendas, and in any situation where the Commission does something that restricted the rights of licensees, he would require that it be set over. In this case, action taken is intended to ease burdens on licensees. He suggested that the concerns raised by the City of Bremerton be discussed with the representatives of Bremerton to see if there are ways to achieve consensus. He said final action will be taken today. He asked if there were any more public comments to be heard; no one came forward. **Commissioner Mosbarger** moved for approval of item 7; **Commissioner Divine** seconded the motion, motion carried with three aye votes.

8. UNFINISHED BUSINESS

Chairman Tull asked if there were any other unfinished items; there were none.

9. COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

Chairman Tull asked for any public comments; **Director Miller** said there is a video available for viewing of a television program about a gambling raid. **Chairman Tull** asked for comments to be heard first; no one came forward; he said the next meeting is in January at the Spokane Ridpath.

Ron Sellar, Washington State Licensed Beverage Association, said he's been attending all the Legislative Gambling Policy Task Force hearings around the state, and one of the issues that has been brought up several different times is problem gambling and what's being done to address it. He commended the Commission and staff on the donation of \$60,000 to the Problem Gambling Council, which came out the license fees. He wanted to know if the Commission's training classes could include what to look for in problem gambling areas. **Ms. Tolton** said the Commission isn't qualified to tell licensees what to look for in problem gamblers, but referral information has been provided for about the past six months or so in the mandatory training sessions. **Mr. Sellar** said he thinks the legislators need to be informed that the Commission is addressing the issue; **Mr. Miller** said the Commission has quite a few brochures that the Association could pass out and have available if they'd like.

Don Grothe of Zanotto's asked if item number 7 is strictly for commercial stimulant pull-tab retention; **Mr. Miller** said yes, it's just for commercial and specifically not for the charitable operations. He said the mission is different for the tracking of funds.

Chairman Tull said there is no Commission meeting in December. He adjourned the meeting.

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Green
Executive Secretary